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UK government carries out ‘golden visa’ legacy review

By [Robbie Lawther](#), 13 Jul 21

It is assessing every application granted before April 2015 over ‘security concerns’



The UK Home Office is reviewing all Tier 1 investor visas granted before it made reforms to the programme in 2015 and [2019](#).

This comes several years after it was slammed for its decision to [backtrack on the suspension of the golden visa scheme in the UK](#). The programme has come under scrutiny for many years due to the reported lack of due diligence.

The review will assess all Tier 1 investor visas granted before 5 April 2015. According to UK newspaper *The Times*, there were 6,312 visas approved between the start of the scheme in June 2008 and April 2015.

A Home Office spokesperson said: “We reformed the Tier 1 visa route in 2015 and in 2019 to crack down on dirty money and we have not ruled out making further changes if necessary.

“These changes include requiring banks to do extra due diligence checks prior to opening accounts and requiring applicants to provide evidence of the source of their funds.

“As part of our work to prevent this route from corruption we are reviewing all Tier 1 investor visas granted before these reforms were made and will report on our findings in due course.”

‘Security concerns’

Claire Nilson, partner at law firm Faegre Drinker, said: “We are told this is due to security concerns. Similar investigations have been launched in recent years relating to equivalent visas in Malta and Cyprus which has assisted these countries in reforming their rules and processes.

“These types of visas are dynamic in nature and so regular review can be important to keep them relevant. Reform could be considered to be a positive step in the changing path of immigration routes, especially in our post-Brexit and post-covid world.”

Kathryn Bradbury, partner at law firm Payne Hicks Beach, said: “It is obviously vital that appropriate due diligence and KYC is conducted on any potential investor.

“The term ‘golden visa’ is however misleading, the UK has had an investor programme since the 1990s and it has always required physical presence in the UK for a number of years to lead to permanent residence and British citizenship – the same as all other work and business-based immigration categories in the UK.”

Charlie Fowler, senior associate at Collyer Bristow, added: “With resources at the Home Office stretched quite thin and applications across various immigration categories taking several months in some cases, it will be interesting to see how long the investigations will take.

“Investor visa holders whose activities make them unfit for UK residence will rightly be under scrutiny, but those whose records are clean could still face an anxious wait.”

Previous changes

The reforms to the UK’s golden visa route in both 2015 and 2019 included:

- Excluding investment in government bonds and strengthening the rules to ensure investments are made in active and trading UK companies;
- Applicants must demonstrate that they have had wealth of at least £2m (\$2.77m, €2.34m) for at least two years, up from 90 days, or provide evidence of the source of those funds;
- Require banks to explicitly state in a letter to the Home Office that they have completed all requisite customer due diligence and know your customer checks prior to opening the applicant’s account; and
- Increase in evidential requirements where migrants have invested their qualifying funds through a chain of intermediary companies, so that the Home Office can better assess the ultimate destination of qualifying investment.

Anita Clifford, barrister at Bright Line Law, said: “Golden visas are beginning to lose their shine in the UK. Like in many countries, their purpose has been to lure big investors, but they were introduced to the UK at a time when source of funds was not a major concern.

“Times have changed. In the wake of global scandals, illicit money washing through the UK is a high-profile issue for the government as recent law reform in this area shows. Questions can now also expect to be raised about the provenance of the wealth of some golden visa holders, particularly those from Commonwealth of Independent State (CIS) countries.

“To protect their immigration status, holders of golden visas would be wise to gather records and start evidencing the lawful sources of their wealth now. Source of wealth packs are critical, and they require careful preparation. Information, some of which may be abroad, needs to be harnessed so that when questions are inevitably raised all the answers are there.”

Future of the programme

This review may change the course of the programme in the UK, but what is the future of the golden visa?

Katie Newbury, partner in immigration team at Kingsley Napley, said: “It is of course important that the visa process is robust.

“As the number of visa options these days is relatively narrow, and all EU citizens must now squeeze themselves into one of these categories should they wish to come to the UK, it is really important that this visa route, which does represent an important option for high net worth individuals and their families, has the necessary safeguards in place to ensure it can continue to offer those with legitimate funds the opportunity to invest in the UK.”

Ben Xu, senior associate at Irwin Mitchell, added: “Under the UK immigration rules, T1 investor applicants are required to provide evidence of either them holding the investment funds of £2m in their personal bank account for a period of two years, or the source of their investment funds if they were recently realised. What isn’t asked by the Home Office is the source of the applicant’s wealth.

“UK investment banks are heavily relied upon by the Home Office as well as the clients’ legal advisers to conduct rigorous due diligence on the wealth of visa applicants, which is a process that is imposed by their regulatory body, the Financial Conduct Authority.

“It’s a fine balance the UK government has to make: on the one hand, we need to encourage foreign investments into our economy that’s constantly demanding fresh cash injections, especially after the pandemic. On the other hand, we must uphold our values as a society and only welcome those whose values are aligned with our own.”

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